

GUIDE TO PERFORMANCE BONDS

WHAT IS A CONSTRUCTION BOND?

A construction surety, commonly called a construction bond, is a financial guarantee provided by a surety company to ensure that a construction project will be completed according to the terms of the contract.



TYPES OF BONDS?

1

BID BOND

A bid bond ensures that the contractor bidding on a project will enter into the contract at the price bid.

PAYMENT BOND

A payment bond ensures that the contractor will pay subcontractors, laborers, and suppliers associated with the project.

2

3

PERFORMANCE BOND

A performance bond guarantees that the contractor will complete the project according to the terms and conditions outlined in the contract.

LEARN MORE ABOUT

View our full Ultimate Guide to Performance Bonds – Ascent Articles
blog.ascentconsults.com/ultimate-performance-bond-guide

BASICS OF PERFORMANCE BONDS

- Selection of the Surety Company
- Thoroughly Review the Contract
- Adherence to Contractual Terms
- Monitor Your Performance
- Effective Communication
- Document Everything

COMMON RISKS W/ PERFORMANCE BONDS

- Financial Liability
- Default Risk
- Stringent Qualification Requirements
- Impact on Bidding Opportunities
- Contractual Obligations
- Cost of Bond Premiums
- Time-Consuming Process